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No. 41

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## S. 2766 – FY07 Defense Authorization Bill

Calendar No. 426

*Reported by the Committee on Armed Services on May 4, 2006, as an original bill without amendment, by voice vote. S. Rept. 109-254; with additional views filed.*

### Noteworthy

- The defense authorization bill provides for \$517.7 billion in budget authority for fiscal year 2007 for national security programs at the Defense and Energy departments, which is \$4.7 billion more than the President's request. The bill provides the following:
  - \$467.7 billion in regular budget authority, which is \$26.2 billion more than the Congress authorized in fiscal year 2006, or a 4.1-percent increase in real terms; plus
  - \$50 billion in supplemental funds for operations in Iraq, Afghanistan, and the global war on terror.
- The bill authorizes a 2.2-percent across-the-board pay raise for service members, and targeted pay raises for mid-career and senior enlisted personnel and warrant officers.
- The bill authorizes:
  - \$85.9 billion in procurement funding, which is \$3 billion more than the President's budget request;
  - \$74.2 billion in funding for research, development, test, and evaluation, which is \$1 billion more than President's budget request; and
  - \$112 billion for military personnel, which is \$1.3 billion more than President's budget request.
- The bill authorizes the following end-strengths for fiscal year 2007 through the regular budget process: 512,400 for the Army; 340,700 for the Navy; 180,000 for the Marine Corps; and 334,200 for the Air Force.

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## **Background/Overview**

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The Administration's FY07 defense budget request, released on February 6, 2006, was for \$505.4 billion. Of this amount, \$50 billion was for emergency supplemental spending authority for ongoing operations in Iraq and Afghanistan. CBO's scoring estimate of this request is \$512.9 billion.

This is the first defense authorization bill since the recently completed Quadrennial Defense Review Report ("QDR"), which was the first QDR to be conducted in wartime. Some of the QDR's recommendations will be specifically implemented in this bill, while others will be implemented in future years.

The Senate Armed Services Committee recommended \$517.7 billion in budget authority for national defense programs, of which \$50 billion is emergency supplemental spending for ongoing operations in Iraq, Afghanistan, and the global war on terror. The base authorization of \$467.7 billion is an increase of \$26.2 billion above the amount authorized by the Congress in the National Defense Authorization Act for Fiscal Year 2006, Pub. L. No. 109-163, which is a 4.1-percent increase in real terms. Of particular note, the committee authorized:

- \$85.7 billion in procurement funding, which is \$2.8 billion more than the President's budget request;
- \$74.2 billion in funding for research, development, test, and evaluation, which is \$1 billion more than the requested level; and
- \$112 billion for military personnel, which is \$1.3 billion more than the requested level.

This funding is within the budget authority level for the national defense function recommended in the Senate version of the Concurrent Budget Resolution for Fiscal Year 2007, S. Con. Res. 83, which the Senate adopted on March 16, 2006.

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## **House Action**

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The House approved its FY07 Defense Authorization bill, H.R. 5122, on May 11, 2006, by a vote of 396-31.

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## **Bill Provisions**

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S. 2766 provides for \$517.7 billion in budget authority for fiscal year 2007 for Defense Department operations and Energy Department national security programs.

## **Division A – Department of Defense Authorizations**

### **Title I – Procurement**

For procurement, the committee approved \$85.7 billion, which is \$2.8 billion above the President's budget request.

#### *Army Programs*

- Section 112 directs the Comptroller General to submit a report on the participation and activities of the lead systems integrator in the Future Combat Systems ("FCS") program, which is the team of Boeing and Science Applications International Corporation ("SAIC"), in order to understand the complexities of contracting for a system-of-systems contract with a lead systems integrator.
- Section 113 requires the Secretary of the Army to submit a report, no later than March 15, 2007, on various aspects of the Army Modularity Initiative.
- The committee recommended a total authorization of \$523.8 million for Bradley Fighting Vehicles upgrades, a \$238.8 million increase from the budget request; and \$341.1 million to convert M1A2 Abrams tanks into the M1A2 System Enhancement Package Abrams tank configuration, a \$170 million increase from the budget request.
- The committee recommended a total authorization of \$162 million for the conversion of M113A2 Armored Personnel Carrier Family of Vehicles ("FOV") to the M113A3 FOV configuration, which is an increase of \$139 million from the budget request in the Procurement of Weapons and Tracked Combat Vehicles, Army account for additional M113A2 conversions.
- The committee recommended a delay in the procurement of the Future Cargo Aircraft until the joint requirement for the aircraft has been better defined. The committee will consider the request after the completion of the Department of Defense Intra-Theater Lift Capabilities Study, the Air Force functional analysis studies, and an independent Air Force analysis of alternatives to define their requirement for the aircraft.

#### *Navy Programs*

- The bill authorizes \$12.1 billion for the Shipbuilding and Conversion, Navy account, which is approximately \$1.5 billion more than the budget request.
- Of this amount, Section 121 authorizes the Secretary of the Navy to fund procurement of CVN-21 class aircraft carriers incrementally over four-year periods, and provides that \$834.1 million shall be made available for that purpose.
- Section 123 authorizes an increase in the limitation on the total procurement cost for the CVN-77 aircraft carrier to \$6.057 billion. As a part of this authorization, the committee

directed the Secretary of the Navy to submit a report on the CVN-77 ship construction contract.

- Also, of the shipbuilding and conversion amount, Section 122 authorizes \$2.57 billion for the DD(X) program, the next-generation destroyer. Additionally, the committee directed the Secretary of the Navy to submit a report on the Navy's competition strategy for DD(X) procurement.
- The committee recommended that \$1.3 billion be added to the \$297.5 million budget request in the shipbuilding and conversion account for procurement of the LPD-17 class ship, designated as LPD-25, which provides vital lift and expeditionary capability to the Marine Corps.
- The committee recommended an additional \$175 million in the account for advance procurement of the second ship of the LHA(R) ship, designated LHA-7, which is the LHA replacement. This would allow the Secretary of the Navy to enter into an advance procurement contract in FY07.
- The committee recommended an additional \$25 million in the Other Procurement, Navy account for the modernization of DDG-51 *Arleigh Burke*-class destroyers.

#### *Air Force Programs*

- The bill authorizes \$12 billion for Aircraft Procurement, Air Force, which is \$524 million more than the budget request.
- Section 142 prohibits the Secretary of the Air Force from retiring any C-130E/H tactical airlift aircraft.
- Section 143 authorizes the Secretary of the Air Force to retire up to 29 KC-135E aircraft in FY07.
- Section 144 authorizes the Secretary of the Air Force to retire up to 18 B-52H bombers in FY07.
- Section 145 prohibits the Secretary of the Air Force from using funds to retire or dismantle any of the 93 B-52H bombers in service until after the Secretary of the Air Force submits a report analyzing the bomber force structure—B-1, B-2, B-52H.
- Section 146 prohibits the use of incremental funding and multi-year contracts for the procurement of F-22A aircraft. The committee recommended a total authorization of \$3.4 billion in the Aircraft Procurement, Air Force account for the procurement of up to 20 F-22A aircraft in FY07, an increase from the budget request of \$1.4 billion.
- The committee recommended a one-year delay in production of the Joint Strike Fighter ("JSF"), and consequently recommended a reduction of \$245 million in the Aircraft

Procurement, Navy account, as well as a \$955 million reduction from the Aircraft Procurement, Air Force account for the Joint Strike Fighter (which consists respectively of \$869.7 million for JSF and \$85.3 million from JSF advance procurement).

- The committee expressed concern with the closure of the C-17A production line, and hence recommended that the \$657.7 million currently planned for line closure expenses (\$224.5 from FY06 and \$433.2 from the FY07 request) be redirected to procure additional C-17A aircraft. Of this amount, the committee recommended \$400 million be directed to purchase two additional C-17A aircraft, and \$257.7 million be used for advance procurement.
- The KC-135 tanker replacement program has been under a Department-directed pause, meaning that the contract award for tanker replacement will not occur until FY08. The committee recommended appropriate funding decreases to reflect this schedule.

## **Title II – Research, Development, Test and Evaluation (“RDT&E”)**

For RDT&E, the committee approved \$74.2 billion, which is \$1 billion above the President’s budget request.

- Section 211 withholds \$500 million in funds authorized for the purposes of systems engineering and program management for the Future Combat Systems until the Secretary of Defense submits a report on an independent cost estimate for FCS.
- Section 213 requires the Department to establish a joint technology office to coordinate, integrate, and manage hypersonic research, development, and demonstration programs and budgets.
- Section 214 withholds \$95 million in funds authorized for the Conventional Trident Modification (“CTM”) program from being obligated or expended in support of the program until the Secretary of Defense (in consultation with State) submits a report outlining the proposal to modify 24 Trident D-5 ballistic missiles (which currently carry nuclear warheads) to carry four conventional kinetic warheads each. This provision would authorize the use of up to \$32 million for only research and development on technologies in support of the conventional D-5 modification, but not to support procurement or deployment activities in support of the CTM program.

### *Missile Defense Programs*

- Section 232 establishes a policy to accord priority within the missile defense program to the development, testing, fielding, and improvement of effective near-term missile defense capabilities, as opposed to balancing investment between longer-term efforts and the development, testing, and fielding of the current generation of missile defense systems.
- The committee recommended an increase of \$200 million in the ground-based midcourse ballistic missile defense system (“GMD”) budget request of \$2.4 billion for the purposes of enhancing the system’s testing program, as well as to enable the system to perform testing

and operations concurrently (i.e., permit testing, maintenance, and training activities to continue, while simultaneously maintaining readiness to execute missile defense operations in an emergency).

- Of the GMD funding, the committee directed that:
  - \$115 million be used for an additional integrated intercept test of the GMD system in 2007;
  - \$60 million be used to accelerate capabilities that would enable concurrent testing and operations of the GMD system; and
  - \$25 million be allocated for long-lead purchases for six ground-based interceptor test missiles in fiscal years 2008 and 2009.
- The committee recommended an increase of \$100 million to the Aegis ballistic missile defense system budget request of \$1 billion for additional SM-3 missiles and to increase overall effectiveness of the Aegis BMD system capability against longer-range threats.
- The committee recommended that \$75 million be added to the budget request in the Missile Procurement, Army account for the purposes of upgrading Patriot battalions to the PAC-3 configuration from the PAC-2 capability; as well as an increase of \$25 million to that account for purchases of 8 additional PAC-3 missiles in fiscal year 2007.
- The committee recommended that the budget request of \$405.5 million for the Kinetic Energy Interceptor (“KEI”) be decreased by \$200 million.
- The committee directed the Missile Defense Agency to submit a report detailing its plan for the future of the Airborne Laser program, including testing, development, design, and funding in the future-years defense program.
- Section 235 directs the Under Secretary of Defense for Acquisition, Technology, and Logistics to submit an annual report on the plans of the Department of Defense for the transition of missile defense programs from the Missile Defense Agency to the military departments.
- Section 254 directs the Secretary of Defense either to continue the development and sustainment of the JSF program with two competitive propulsion systems throughout the life cycle of the aircraft, or enter into a one-time firm-fixed-price contract for a selected propulsion system for the life cycle of the aircraft following the initial service release of the JSF F135 propulsion system in fiscal year 2008. Section 255 calls for an independent life cycle cost analysis of these two options.
- Section 256 expresses the sense of the Senate that the Secretary of Defense should share JSF technology with the Government of the United Kingdom, and the committee expressed concern that existing U.S. regulations and procedures governing U.S.-U.K. technology sharing may unnecessarily impede information-sharing and military interoperability, which could undermine the potential for full cooperation between the United States and the United Kingdom. Consequently, the committee recommended that the President enter into a

bilateral agreement with the United Kingdom to provide for the sharing of defense technology.

- The committee recommended an additional \$20 million to support a flight test demonstration program for the Advanced Hypersonic Weapon, as part of developing a global strike capability.
- The committee recommended an additional \$75 million to support submarine design efforts for the *Virginia*-class submarine program and next generation submarine design concepts.
- The committee recommended an 8-percent reduction (that is, \$70 million) in the Transformational Satellite Communications (“TSAT”) program budget request of \$867 million.
- The committee recommended a decrease of \$66.4 million in the Space Radar budget request of \$266.4 million.
- The committee recommended an increase of \$5 million in the National Security Space Office budget request of \$13.4 million.

### **Title III – Operation & Maintenance (“O&M”)**

For O&M, the committee approved \$129.5 billion, approximately \$500 million less than the President’s budget request.

- Section 303 authorizes \$20.9 billion for the Defense Health Program, of which:
  - \$20.3 billion is authorized for O&M;
  - \$135.6 million is authorized for RDT&E; and
  - \$397.9 million is authorized for Procurement.
  - The committee recommended an increase of \$5 million in the budget request of \$460.1 million in the Defense Health Program for expanded education and training on Post-Traumatic Stress Disorder (“PTSD”).
  - The committee recommended an increase of \$2 million for expansion of a program directed at enhancing the capability of primary care providers to detect and treat PTSD early.
- Section 331 directs the Department of Defense to submit a comprehensive plan to address unexploded ordnance, discarded military munitions, and munitions constituents. The provision also provides that the Department shall set as a goal the completion by September 30, 2007, of preliminary assessments of unexploded ordnance, discarded military munitions, and munitions constituents at all active installations and formerly used defense sites.
- Section 372 authorizes the Secretary of Defense to include an incentives clause in any contract for the destruction of the U.S. stockpile of lethal chemical agents and munitions.

- The committee recommended an increase of \$3 million in the Operation and Maintenance, Army account to acquire UH-60 add-on armor for the 82nd Airborne Division.
- The committee recommended an increase of \$4.5 million in the Operation and Maintenance, Air Force account budget request of \$31.3 billion to support the Air Force Space Surveillance System, which provides observations of objects in near earth and deep space in support of the U.S. Strategic Command's space situational awareness mission.
- The committee recommended an increase of \$8.5 million in the Operation and Maintenance, Army National Guard account for the development of a sustainment training and exercise program for the Weapons of Mass Destruction Civil Support Teams ("WMD-CST").
- The committee recommended an increase of \$5 million in the Operation and Maintenance, Army National Guard account for WMD-CST equipment upgrades.
- The committee recommended an increase of \$40 million in the Operation and Maintenance, Defense-wide account budget request of \$242.8 million to expedite the cleanup of formerly used defense sites.
- The committee recommended an increase of \$50 million in the Operation and Maintenance, Defense-wide account budget request of \$413.8 million for the Defense Environmental Restoration Fund, Army for the purpose of expediting the cleanup of unexploded ordnance at sites closed or realigned under BRAC rounds prior to 2005.

#### **Title IV – Military Personnel**

- Section 421 authorizes \$112 billion for military personnel, which is \$1.3 billion more than the President's budget request. Of this amount:
  - \$1.7 billion is authorized for active-duty Army end strength;
  - \$265 million for active-duty Marine Corps end strength; and
  - \$164 million for Army National Guard end strength.
- Section 401 authorizes the following end strengths for active duty personnel:
  - Army: 512,400, which is 30,000 more than the President's budget request, and equal to the level authorized in FY06;
    - The Army retains the discretion to increase this level by up to 20,000 troops as authorized in Section 403 of the FY06 Authorization bill.
  - Navy: 340,700, which is 12,000 less than the level authorized in FY06, as per the President's budget request;
  - Air Force: 334,200, which is 23,200 less than the level authorized in FY06, as per the President's budget request; and
  - Marines: 180,000, which is 5,000 more than the President's budget request, and 1,000 more than the level authorized in FY06.
    - The Marines retain the discretion to increase this level up to 184,000 troops (an additional 4,000) as authorized in Section 403 of the FY06 Authorization bill.



- Section 411 authorizes the following end strengths for reserve personnel:
  - Army National Guard: 350,000, which is at the President's budget request, and equal to the level authorized in FY06;
  - Army Reserve: 200,000, which is 5,000 less than the level authorized in FY06, as per the President's budget request;
  - Navy Reserve: 71,300, which is 1,800 less than the level authorized in FY06, as per the President's budget request;
  - Air Force Reserve: 74,900, which is 900 more than the level authorized in FY06, as per the President's budget request;
  - Marines Corps Reserve: 39,600, which is at the President's budget request, and equal to the level authorized in FY06;
  - Coast Guard Reserve: 10,000, which is at the President's budget request, and equal to the level authorized in FY06; and
  - Air National Guard: 107,000, which is 200 more than the level authorized in FY06, as per the President's budget request.
- Section 402 repeals the statutory requirement of 10 U.S.C. § 691 that permanent end strength levels be established to support a national defense strategy to be able to conduct two nearly simultaneous major regional contingencies successfully.

## **Title V – Military Personnel Policy**

- Section 501 amends 10 U.S.C. § 528 to provide that flag and general officers serving in certain positions in the Office of the Director of National Intelligence and the Central Intelligence Agency (CIA) shall not be subject to the supervision or control of the Secretary of Defense.
- Section 531 authorizes members of the National Guard and Reserve serving on Active Guard and Reserve duty, and military technicians, to perform specified additional duties that would expand their flexibility to train and instruct other personnel and increase the ability of such personnel to support certain operations or missions.
- Section 532 authorizes the Secretary of Defense to approve the deployment of WMD–CSTs to Canada and Mexico, if appropriate authorities in those countries consent to the entry of the team into their sovereign territory, in order to train for or respond to cross-border incidents. It also expands the types of emergencies or incidents for which the Secretary may deploy the teams in response.
- Section 563 authorizes an increase in the maximum amount of loans that may be repaid for health care professionals in short supply from \$22,000 to \$60,000.
- Sections 571 and 572 authorize \$45 million in supplemental educational aid to local school districts that are affected by the assignment or location of military families, including \$5 million for educational services to severely disabled children, and an additional \$10 million

for districts experiencing rapid increases in the number of students due to rebasing, activation of new military units, or base realignment and closure.

## **Title VI – Compensation and Other Personnel Benefits**

- Section 601 authorizes an across-the-board military pay raise of 2.2 percent, and other targeted pay raises for mid-career and senior enlisted personnel and warrant officers.
- Section 616 authorizes a new medical accession bonus for fully qualified physicians and dental specialists in critically short wartime specialties.
- Section 618 authorizes the use of enhanced voluntary separation incentives for officers and enlisted personnel, and an increase in the maximum amount of the interservice transfer bonus from up to \$2,500 to \$10,000 for active and reserve members who transfer to the active or reserve component of another military service.
- Section 631 requires DOD to include a “full replacement value” standard for lost or damaged household goods in contracts with movers by March 1, 2008, and extends this coverage to DOD civilian employees.
- Section 643 repeals provisions of the Survivor Benefit Plan (“SBP”) that require offset of annuity payments by Dependency and Indemnity Compensation, and authorizes acceleration of the effective date of the “paid up” provision from October 1, 2008, to October 1, 2006, for retirees who reach age 70 and have paid SBP premiums for 30 years.

## **Title VII – Health Care**

- Section 702 would require the use of DOD’s mail order pharmacy for most refills of long-term maintenance medications.
- Section 705 prohibits any increase in Tricare Prime enrollment fees during FY07.
- Section 722 prohibits public and private employers with 20 or more employees from providing a financial incentive to Tricare-eligible retirees to utilize Tricare as the primary payer for health care in lieu of health care benefits offered to all other employees; and preserves a retiree’s right to chose Tricare.
- Section 721 clarifies that DOD’s retail pharmacy network is covered by federal pricing.
- Section 741 authorizes \$10 million in the Defense Health Program for three pilot projects in FY07 to evaluate various approaches to improving the capability of the military and civilian health care systems to provide early diagnosis and treatment of PTSD and other mental health conditions experienced by military members returning from combat.

## **Title VIII – Acquisition Policy and Management**

- Section 801 amends 10 U.S.C. § 2366a to require the Secretary of Defense to make additional certifications before a major defense acquisition program receives Milestone B approval.
- Section 805 authorizes the Department to adjust the original baseline estimate for a major defense program that is carried out primarily in the areas affected by Hurricanes Katrina, Rita, and Wilma for the sole purpose of addressing cost growth that is directly attributable to damage caused by those hurricanes.
- Section 823 authorizes the Secretary of Defense to waive the application of statutory domestic source and content requirements if:
  1. the application of the requirements would impede the reciprocal procurement of defense items under a Memorandum of Understanding between the United States and another country; and
  2. the other country does not discriminate against items produced in the United States to a greater degree than the United States discriminates against items produced in that country.
- Section 843 directs the Department to issue detailed guidance for appropriate use of award and incentive fee contracts to ensure performance is linked to acquisition outcomes.
- Sections 861-865 apply best practices recommendations to enhance the role of program managers and provide them with the authority, tenure, and training to improve accountability and produce successful acquisition outcomes.

## **Title IX – Acquisition Policy and Management**

- Section 902 establishes a senior acquisition executive position within the Office of the Assistant Secretary of Defense for Special Operations and Low-Intensity Conflict (ASD(SO/LIC)).
- Section 911 directs the Department to establish an operationally responsive space hybrid program office to develop, acquire, and operate space assets upon demand, in a low-cost manner, in support of the warfighter.
- Section 921 directs the Department to develop a policy on the research, development, test, evaluation, procurement, and operation of unmanned systems.

## **Title X – General Provisions**

- Section 1011 repeals the requirement that the Navy maintain no fewer than 12 operational aircraft carriers.

- Section 1042 clarifies and updates the authority to use the armed forces in response to a major public emergency, namely by authorizing the President to use the armed forces, including the National Guard in federal service, to restore public order and enforce the laws of the United States, as well as provide supplies, services, and equipment necessary for the immediate preservation of life and property.
- Section 1061 requires the President to prepare an unclassified report on whether a certain list of enumerated interrogation techniques individually constitute cruel, inhuman, or degrading treatment or punishment.

## **Title XI – DOD Civilian Personnel Policy**

- Section 1101 authorizes agency heads to provide individuals employed at the agency who are serving in Iraq or Afghanistan with the allowances, benefits, and gratuities comparable to those provided by the Secretary of State to officers and employees of the Foreign Service.

## **Title XII – Matters Relating to Other Nations**

- Section 1205 provides the Secretary of Defense with the authority to loan certain military equipment to foreign coalition partners in Iraq and Afghanistan for the purposes of enhancing the foreign partners' personnel protection and survivability.
- Section 1206 enhances authority provided by section 1206 of the FY06 Authorization bill to the Secretary of Defense (with the concurrence of the Secretary of State) to build the capacity of a foreign nation's military forces in order for that nation to conduct counter-terrorist operations and to participate in or support military and stability operations in which the United States is a participant. The provision authorizes an additional \$200 million in a fiscal year for use by combatant commanders for this purpose.
- Section 1206 also provides new authority to the Secretary of Defense to authorize a geographic combatant commander to respond to urgent and unanticipated humanitarian relief or reconstruction requirements in a foreign country within the commander's area of responsibility if the commander determines that the provision of such assistance will promote the security interest of the United States and of the country to which such assistance would be provided. This authority may not be used in Iraq or Afghanistan, and the amount available for any one individual country is limited to \$200,000 in a fiscal year.
- Section 1222 directs the President to submit a report on a plan to establish interagency operating procedures for the planning and conduct of stabilization and reconstruction operations.

## **Title XIII – Cooperative Threat Reduction With States of the Former Soviet Union**

- Section 1302 authorizes \$372.1 million for Cooperative Threat Reduction programs, the amount of the President's budget request.

## **Title XIV –Authorization for Supplemental Appropriation for Iraq, Afghanistan, and the Global War on Terrorism**

- This title authorizes a \$50 billion FY07 supplemental authorization to support operations in Iraq, Afghanistan, and the global war on terrorism.
- This includes the following amounts for procurement:
  - Aircraft, Army: \$404,100,000;
  - Missile, Army: \$450,000,000;
  - Weapons and tracked combat vehicles, Army: \$214,400,000;
  - Other, Army: \$686,600,000;
  - Marine Corps: \$319,800,000; and
  - Air Force: \$51,800,000.
- This includes the following amounts for O&M:
  - Army: \$22,124,466,000;
  - Navy: \$2,349,560,000;
  - Marine Corps: \$1,544,920,000;
  - Air Force: \$2,779,898,000;
  - Defense-wide activities: \$3,388,402,000;
  - Army National Guard: \$59,000,000; and
  - Defense Health Program: \$960,200,000.
- It also includes the following:
  - Military Personnel: \$7,335,872,000;
  - Joint Improvised Explosive Device Defeat Fund: \$2,100,000,000; and
  - Iraq Freedom Fund: \$2,230,982,000.
- The base budget request included a request of \$582.6 million in the Other Procurement, Army account for the procurement of HMMWVs. The supplemental authorizes an additional \$508 million for up-armored HMMWVs or M1151/M1152 HMMWV variants with armor, for a total authorization of \$1.1 billion.
- Similarly, the base budget request included a request of \$11.3 million in the Other Procurement, Air Force account for the procurement of HMMWVs. The supplemental authorizes an additional \$51.8 million for up-armored HMMWVs, for a total authorization of \$63.1 million.

## **Division B – Military Construction Activities and Family Housing Activities**

The committee approved \$17.1 billion, \$400 million more than the President's budget request, to increase the investment in the recapitalization of aging and deteriorating facilities at military installations.

- Of this amount, \$5.5 billion is authorized to carry out military construction and environmental activities related to the decisions in the 2005 Defense Base Realignment and Closure (“BRAC”) round, an amount which is approximately \$99 million less than the budget request.
- The bill authorizes appropriations of \$2.2 billion for Army military construction, which is \$121 million more than the President’s budget request; and \$1.3 billion for Army family housing, which is at the President’s budget request.
- The bill authorizes appropriations of \$1.3 billion for Navy military construction, which is \$106 million more than the President’s budget request; and \$803.6 million for Navy family housing, which is \$10.6 million less than the President’s budget request.
- The bill authorizes appropriations of \$1.3 billion for Air Force military construction, which is \$101.2 million more than the President’s budget request; and \$1.9 billion for Air Force family housing, which is at the President’s budget request.
- The bill authorizes appropriations of \$1.3 billion for defense agency military construction, which is \$136.5 million more than the President’s budget request; and \$57.3 million for defense agency family housing, which is at the President’s budget request.
- Section 2601 authorizes appropriations of \$1 billion for Guard and Reserve construction, which is \$190 million more than the President’s budget request.
- Section 2802 authorizes the Secretary of Defense to establish an Industrial Facilities Improvement Program to carry out activities to re-engineer processes related to depot and other industrial facility operations.
- Section 2806 updates the goals for the Energy Conservation Investment Program and expands the program to encourage the use of alternative fuels.

## **Division C – Department of Energy National Security Authorizations and Other Authorizations**

### **Title XXXI – Department of Energy National Security Programs**

- This title authorizes appropriations for atomic energy defense activities of the Department of Energy for FY07 in the amount of \$15.7 billion, which is \$96.8 million less than the President’s budget request. Of this amount:
  - Section 3101 authorizes \$9.3 billion for the National Nuclear Security Administration (“NNSA”), of which:
    - \$6.5 billion is for weapons activities, which is \$47.5 million more than the budget request;
    - \$1.7 billion is for defense nuclear nonproliferation activities, which is the amount of the budget request;

- \$795.1 million is for naval reactors, which is the amount of the budget request; and
    - \$356.6 million is for the Office of the Administrator, which is \$30 million less than the budget request.
  - Section 3102 authorizes \$5.4 billion for defense environmental cleanup activities, which is \$40 million more than the budget request;
  - Section 3103 authorizes \$624.5 million for other defense activities, which is \$93.3 less than the budget request; and
  - Section 3104 authorizes \$333.1 million for defense nuclear waste disposal, which is \$55 million less than the budget request.
- Sections 3112 and 3113, respectively, authorize the Secretary of Energy, with the concurrence of the Secretary of State, to accept international contributions to the Global Threat Reduction Initiative (“GTRI”) and the Second Line of Defense Program.

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## **Administration Position**

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A Statement of Administration Policy was not available at the time of publication.

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## **Cost**

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The Congressional Budget Office issued its cost estimate on June 9, 2006. CBO estimates that S. 2766 would authorize appropriations in the amount of \$509 billion for FY07.

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## **Other Views**

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Senator Cornyn published an Additional View to oppose the decision to delay JSF production by one year.

Senator B. Nelson published an Additional View to oppose the decision to repeal the statutory requirement that the Navy maintain a minimum of 12 operational aircraft carriers.

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## **Possible Amendments**

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As of the publication of this notice, there is no unanimous consent agreement that limits the submission of amendments. A number of amendments are expected.